

**Calendar No. 220**

106th Congress }  
1st Session }

SENATE

{ REPORT  
{ 106-111

**Maritime Administration Authorization Act  
for Fiscal Years 2000 and 2001**

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R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND  
TRANSPORTATION

ON

S. 937



JULY 20, 1999.—Ordered to be printed

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

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(II)

## Calendar No. 220

106TH CONGRESS }  
*1st Session* }

SENATE

{ REPORT  
106-111

### MARITIME ADMINISTRATION AUTHORIZATION ACT FOR FISCAL YEARS 2000 AND 2001

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JULY 20, 1999.—Ordered to be printed

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Mr. MCCAIN, from the Committee on Commerce, Science, and  
Transportation, submitted the following

### REPORT

[To accompany S. 937]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 937) “A bill to authorize appropriations for fiscal years 2000 and 2001 for certain maritime programs of the Department of Transportation, and for other purposes”, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and an amendment to the title and recommends that the bill as amended do pass.

#### PURPOSE OF THE BILL

The bill authorizes appropriations for fiscal year (FY) 2000 for the Maritime Administration (MarAd); amends the Merchant Marine Act of 1936 to codify existing regulations regarding Title XI; amends Title IX of the Merchant Marine Act of 1936, to eliminate for one year the three-year period bulk or break bulk vessels newly registered under the United States-flag must wait in order to carry government-impelled cargo; amends Title XII of the Merchant Marine Act of 1936, to extend the War Risk Insurance program through June 30, 2005; changes the requirement for an annual report to Congress by MarAd to a biennial requirement; clarifies ownership of the vessel JEREMIAH O'BRIEN; and requires MarAd to report to Congress on the status of Federal funding for maritime research and technology development.

## BACKGROUND AND NEEDS

MarAd administers various United States merchant marine support programs within the Department of Transportation (DOT). MarAd is composed of approximately 970 employees (including Ready Reserve Force (RRF) and United States Merchant Marine Academy (USMMA) staff). MarAd programs include Operating-Differential Subsidy (ODS), Maritime Security Fleet Program (MSP), Title XI guaranteed loan program, various cargo preference programs, maintenance of the RRF and National Defense Reserve Fleet (NDRF), and operation of the United States Merchant Marine Academy in Kings Point, NY.

The Committee is aware of the request for assistance from the Great Lakes Maritime Academy and strongly urges MarAd to consider the proposal within applicable procedures and guidelines and provide a grant, if warranted, for the installation/repair of a Ship Handling/Bridge Team Management Simulator. Additionally, the Committee urges MarAd to carefully evaluate the needs of all State maritime school ships with regards to repair and maintenance and make available, within applicable procedures and guidelines, funds to meet those needs.

The USMMA offers a four-year undergraduate, full scholarship program which leads to a Bachelor of Science degree and to a merchant marine license as Third Mate or Third Assistant Engineer or both. Graduates of USMMA must maintain their license for a period of at least six years. In addition, the students are enrolled as midshipmen and are commissioned upon graduation as ensigns in the United States Naval Reserve with a six year commitment. Further, graduates must serve aboard a United States-flag vessel, in a maritime related industry, or in the armed forces for a period not less than five years.

The State maritime academies program assists States in the training of individuals for service as officers in the United States merchant marine. Assistance is provided to participating States (California, Maine, Massachusetts, Michigan, New York, and Texas) in the form of direct payments to the academies, incentive payments to cadets currently enrolled in the Student Incentive Payment (SIP) Program, and funding the cost of maintenance and repair for MarAd ships provided on loan to the schools for use as training ships. Certain maritime academies have structured themselves as regional maritime academies and allow out-of-state students to be considered as in-state for the purpose of tuition and program benefits.

MarAd's annual discretionary appropriation does not include ODS contract authority costs; permanent, indefinite appropriations for cargo preference costs; or RRF/NDRF maintenance funding. The ODS program paid the cost differential for operating vessels under United States-flag versus the lower regulatory costs of operating under foreign-flag. The current ODS program is winding down. No new ODS contracts may be entered into and all existing contracts expire by 2001. RRF/NDRF maintenance is funded by DOD and administered by MarAd under permanent authority.

MSP commenced in FY 1997 and is authorized at \$100 million annually through FY 2005, which would fund a fleet of 47 ships.

MSP funding must be appropriated annually. Participating MSP operators are required to sign agreements with the Department of Defense to make their vessels and affiliated intermodal assets available for national emergencies. MarAd's operations and training account funds the administration and staffing of MarAd programs (other than the title XI maritime guaranteed loan program and RRF costs), the USMMA in Kings Point, NY, State maritime school costs associated with Federal training ships, training courses for merchant mariners, various operating programs, and research and development. The Title XI program supports renewed commercial shipbuilding in the United States.

The Committee substitute amendment removes controversial language from section 3 of the bill that required the Secretary to determine that the obligor of a Title XI loan guarantee had paid its actual cost of construction before releasing any Federally secured funds. The Committee recommends that MarAd evaluate carefully any actions it may undertake with regard to Title XI loan guarantee provisions in the bill and act to insure that risk to the Federal government is minimized.

Under current law, vessels built or reconstructed in a foreign shipyard must be under United States registry for at least three years before being eligible to carry cargo under the Cargo Preference Act of 1954. The same limitation does not apply to vessels that transport military cargoes or Export-Import Bank cargoes reserved to United States-flag vessels under the Cargo Preference Act of 1904 or Public Resolution 17, respectively.

The Merchant Marine Act of 1936 (46 U.S.C. App. 1101) mandates that the United States have sufficient vessels to carry a "substantial portion" of all preference cargo (75 percent of government impelled food aid cargo). No dry-bulk vessels for our preference trades have been built in a United States shipyard since the Federal subsidy for ship construction (CDS) effectively ended in 1981. As a consequence, our preference dry bulk fleet does not have the capacity to carry the current and projected food aid and has not been able to modernize operations with the latest equipment available for bulk shipping operations. This could hurt the transportation of food aid, particularly aid directed to Russia and the Balkan Nations.

Given the long history of absence of bulk ship construction in United States yards and the low charter rates in our non-preference international dry bulk trades, the Committee believes it is unrealistic to expect that there will be sufficient United States-flag dry bulk tonnage to meet the demand of our preference trades, or that sufficient tonnage will be constructed in United States shipyards at any time in the foreseeable future.

Further, the Committee believes that while not ideal, this one-year relaxation of the three year waiting requirement is the best way to ensure that the United States-flag dry bulk fleet is of sufficient size/number to carry a "substantial portion" of our preference cargo without any long-term economic disadvantage to United States shipyards.

The Committee has diverse views on various Jones Act issues, but all agree that this measure does not affect in any way the United States-build requirement contained in the Jones Act. Under

every major merchant marine act, Congress has recognized that the foreign trades, where the competition operates foreign-built and government subsidized vessels, should be distinguished from the domestic trades, where the competition operates United States-built vessels. Moreover, neither the previous enactment of section 615 of the Merchant Marine Act of 1936, nor the 1997-enacted Maritime Security Program, nor other foreign trade foreign-build permissions has had any spill-over effect on the Jones Act because Jones Act issues were not addressed in those instances. The Committee's action in reporting S. 937, therefore, will have no precedential effect on the Committee's future consideration of Jones Act issues.

The Committee has chosen to limit the waiver of the three year waiting period to one year in order to preserve building opportunities over the long term for United States shipyards, should the market for construction of new United States-built dry bulk ships become competitive at some future time. In the meantime, the Committee has carefully crafted section 4 to enhance job opportunities for United States shipbuilders in the near term. The Committee's bill explicitly provides that non-emergency shipyard repairs and other shipyard work necessary to conform vessels to United States-flag standards must be performed in a shipyard located in the United States. Such shipyard repairs and conforming shipyard work will create employment opportunities in domestic yards that otherwise would not exist.

The Committee's decision to relax temporarily the three year waiting period for new or reconstructed foreign-built vessels to become eligible to carry cargoes under the Cargo Preference Act of 1954 will create additional seagoing billets for United States merchant mariners. The acquisition of new, modern dry bulk vessels, will substantially improve the efficiency of the United States-flag fleet dedicated to the food-aid trade, and result in significant reductions in shipping costs and subsequent substantial savings to United States taxpayers. With major savings in transportation costs, appropriations for food-aid programs will purchase more aid, more United States farm produce will be delivered, and increased food-aid relief will be possible for the same investment of Federal dollars.

#### SUMMARY OF MAJOR PROVISIONS

The bill authorizes appropriations for the Maritime administration (MarAd) for fiscal year 2000 and covers two appropriated accounts: (1) operations and training and (2) the shipbuilding loan guarantee program authorized by Title XI of the Merchant Marine Act of 1936.

The bill provides \$79.8 millions for operations and training programs including \$41.7 million, an increase of \$7.6 million, for deferred capital maintenance at the United States Merchant Marine Academy. The Committee is concerned with the physical condition of the Academy, and would recommend that MarAd move expeditiously to address the deterioration of the property. In addition, \$6 million is authorized for the costs, as defined in section 502 of the Federal Credit Reform Act of 1990, of loan guarantees authorized by Title XI of the Merchant Marine Act, 1936, as amended (46

U.S.C. App. 1271 et seq.) and \$3.9 million is for administrative expenses related to these loan guarantee commitments. Finally, the bill authorizes \$100,000 for MarAd to prepare a report to Congress on the status of research and technology development, and to make recommendations on how MarAd intends to provide and oversee the necessary research to consider the needs for the Maritime Transportation System (MTS) for the 21st Century.

The bill also provides the Secretary the authority to hold all bond proceeds generated under Title XI during the construction period in escrow. Currently, the Secretary must administratively establish a separate construction fund with a private bond agent for a portion of the bond proceeds not captured in escrow. This will eliminate the cost associated with the establishment of the separate construction fund and better protect the government's interest.

Further, the measure provides the Secretary authority under Title XI to collect and hold cash collateral in the United States Treasury, under certain circumstances associated with a guaranteed transaction. This will relieve the obligors and the agency from spending the time and money associated with negotiating superfluous depository agreements and legal opinions in Title XI transactions.

The bill also amends current law to provide a one year waiver of the three year period bulk and breakbulk vessels newly registered under the United States flag, which must wait in order to carry Government-impelled cargo. The waiver would be in effect only for one year beginning on the date of enactment. It is essential to provide a window through which some newer vessels may be able to enter the market to transport some of the increased food aid.

Finally, the bill will reauthorize the War Risk Insurance Program through June 30, 2005, change the requirement for an annual report to Congress by the Maritime Administration detailing its activities to a biennial report, and make clear the ownership status of the vessel named the JEREMIAH O'BRIEN, which is currently being used as merchant mariner memorial.

#### LEGISLATIVE HISTORY

S. 937 was introduced in the Senate on May 3, 1999 by Senator Hutchison. The bill is cosponsored by Senators McCain, Hollings, and Inouye. In open executive session on June 3, 1999, the Committee considered S. 937, and ordered the legislation reported favorably with an amendment in the nature of a substitute. The amendment in the nature of a substitute eliminated the open-ended authorization of such sums as necessary for Fiscal Year 2001, eliminated language on the priority of the release of funds for the cost of construction, and included the requirement of a report on the status of research on maritime transportation. The House Department of Defense Authorization bills (H.R. 1401) includes provisions similar or identical to the five sections of S. 937, as reported, which are within the jurisdiction of the Committee. The Committee anticipates the Senate Armed Services Committee will endorse the provisions of S. 937, as reported, as the Senate position on the corresponding provisions in the House and Senate Depart-

ment of Defense Authorization legislation during the conference with the House of Representatives on that legislation.

#### ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE  
*Washington, DC, June 29, 1999.*

Hon. JOHN MCCAIN,  
*Chairman, Committee on Commerce, Science, and Transportation,  
U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for § 937, the Maritime Administration Authorization Act for Fiscal Year 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Reis.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).

Enclosure.

#### *S. 937—Maritime Administration Authorization Act for Fiscal Year 2000*

Summary: Assuming appropriation of the amounts authorized by S. 937, CBO estimates that the federal government would spend about \$80 million, mostly over the next year, to carry out ongoing maritime programs. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. S. 937 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

S. 937 would authorize the appropriation of \$80 million for operation and training activities of the Maritime Administration (MARAD) during fiscal year 2000. The bill also would authorize \$10 million for fiscal year 2000 loan guarantees and related administrative expenses, as already authorized under the Merchant Marine Act of 1936. Section 9 of the bill would direct MARAD to conduct a study of maritime research and development. The study would examine, among other funding issues, the relative amount of federal funding historically provided to maritime programs as compared to those of other modes of transportation. For the purpose of carrying out this study over the next nine months, the bill would authorize the appropriation of \$100,000. Other bill provisions would have no significant effect on the federal budget. These include an amendment to the Shipping Act of 1936 that would ensure that escrow funds paid by recipients of certain federally guaranteed loans would be deposited into the U.S. Treasury.

Estimated cost to the Federal Government: The estimated budgetary impact of the bill is shown in the following table. The costs



of this legislation fall within budget function 400 (transportation). For the purposes of this estimate, CBO assumes that the entire amount authorized for MARAD operation and training activities for fiscal year 2000 will be appropriated for that year. The estimate of outlays is based on historical spending patterns for MARAD. Because appropriations for maritime loan guarantees and related administrative costs are already authorized under existing law, the budgetary effects of S. 937 would be limited to the \$80 million of authorized expenditures for MARAD operations and training programs.

	By Fiscal Year, in Millions of Dollars					
	1999	2000	2001	2002	2003	2004
Spending subject to appropriation						
MARAD Spending Under Current Law						
Budget Authority <sup>1</sup> .....	72	0	0	0	0	0
Estimated Outlays .....	80	12	4	0	0	0
Proposed Changes						
Authorization Level <sup>2</sup> .....	0	80	0	0	0	0
Estimated Outlays .....	0	68	8	4	0	0
MARAD Spending Under S. 937						
Authorization Level <sup>2</sup> .....	72	80	0	0	0	0
Estimated Outlays .....	80	80	12	4	0	0

<sup>1</sup> The 1999 level is the amount appropriated for that year.

<sup>2</sup> No amounts are included as proposed changes for loan guarantees subsidies or administrative costs because these amounts are already authorized under current law.

Pay-as-you-go consideration: None.

Intergovernmental and private-sector impact: The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Deborah Reis.

Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

#### REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

S. 937, as reported, would authorize appropriations to continue existing Maritime Administration programs and would make little change in current law. While most sections of the bill would have minimal regulatory impact, the provisions of section 3 of the bill would affect the Maritime Administration's loan guarantee program by expediting the approval and closing of loan guarantee applications. This change will save the Maritime Administration time and money in its conduct of the loan program and help minimize the risk associated with the program.

Because S. 937 does not create any new programs, the legislation will have no additional regulatory impact, and will result in no additional reporting requirements. The legislation will have no further effect on the number or types of individuals and businesses regulated, the economic impact of such regulation, the personal privacy of affected individuals, or the paperwork required from such individuals and businesses.

## SECTION-BY-SECTION ANALYSIS

*Section 1. Short title*

Section 1 states the short title of the proposal, the “Maritime Administration Authorization Act for Fiscal Year 2000”.

*Section 2. Authorization of Appropriations for fiscal year 2000*

Section 2 (1) authorizes \$79,764,000 for MarAd operations and training activities, of which \$30,930,000 is authorized for MarAd operations. Operations and training activities include the costs incurred by headquarters and region staffs in the administration and direction of the various MarAd programs such as:

- (1) Emergency planning and operations, including administration of the Maritime Security Program agreements, and military logistics through United States ports.
- (2) Negotiation of agreements, understandings and arrangements to reduce barriers that restrict American access to foreign ports and markets.
- (3) Port, intermodal, and environmental activities.
- (4) Labor, education, training, and safety activities.
- (5) Administration of the Capital Construction Fund/Construction Reserve Fund.
- (6) Monitoring compliance with cargo reservation statutes.
- (7) Administration of the Operating-Differential Subsidy agreements.

Operations and training funds also include funds for the operation of the United States Merchant Marine Academy (USMMA) at Kings Point, New York, and continuing assistance to the six State maritime academies. Expenses for maritime training at the USMMA, \$41,773,000, which includes an increase of \$7.6 million, for deferred capital maintenance and expenses for financial assistance to the State maritime academies \$ 7,161,000.

The Omnibus Appropriations Act for Fiscal Year 1999, Public Law 105–277, included the American Fisheries Act. The American Fisheries Act tasks MarAd with new duties and responsibilities in determining the citizenship of certain fishing vessels. The measure designates MarAd as the primary agency responsible for ensuring that the proper citizenship requirements are adhered to for ownership of vessels 100 feet or greater that have, or are seeking, a fisheries endorsement to their documentation. In enforcing citizenship standards, MarAd will be required to rigorously scrutinize transfers of ownership or control with particular attention to leases, charters, mortgages, and financing arrangements for fishing vessels. Further, MarAd will need to approve qualified trustees to hold mortgages where vessel financing is procured through foreign lenders. \$200,000 in operations and training funds is provided for the implementation of MarAd’s duties under the American Fisheries Act.

Operations and training funds will also be used to implement a new administrative process to waive the United States-build requirement of the Jones Act for certain small passenger vessels, enacted in P.L. 105–383, the Coast Guard Authorization Act of 1998. The program is currently under development.

Section 2(2) of the proposal contains the authorization for the maritime guaranteed loan program that is administered by MarAd under Title XI of the Merchant Marine Act of 1936, as amended (46 App. U.S.C. 1271 et seq.). Title XI authorizes the Secretary of Transportation (delegated to the Maritime Administrator) to enter into commitments to guarantee private sector debt financing for the construction or reconstruction of United States-flag vessels and export vessels in United States shipyards, and for United States shipyard modernization and improvement projects. Title XI loan guarantees enable ship owners and shipyards to borrow private sector funds on more favorable terms than might otherwise be available. Government funds are expended only in the event of a default, because the private sector provides total project funding.

Federal accounting procedures enacted in the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.) require that estimated costs of potential defaults and administrative costs be appropriated before a loan guarantee commitment may be entered into by the Government. An authorization of \$6,000,000 for the estimated costs of loan guarantee commitments would enable MarAd to provide loan guarantees of \$120,000,000 based on a 5 percent loan subsidy rate. In accordance with the Federal Credit Reform Act of 1990, MarAd is provided a separate authorization of \$3,893,000 for administrative expenses for the entire Title XI program, to manage both the existing portfolio of loan guarantees and new guarantees.

*Section 3. Amendments to title XI of the Merchant Marine Act of 1936*

Section 1108 of the Merchant Marine Act of 1936, permits the Secretary to accept and hold in escrow a portion of the proceeds of guaranteed funds during the construction period of a vessel. Shortly after enactment of section 1108, MarAd realized that the section did not provide for a means to protect all the proceeds of the guaranteed bonds from premature release during the construction period, i.e., it did not provide a mechanism to release the funds only when the shipowner had expended its agreed upon share of the costs of building the vessel and then only to the extent the shipyard had performed construction work. Therefore, MarAd administratively established a construction fund in which a private escrow agent would, for a fee, hold the portion of the bond proceeds that were not captured in the escrow fund. Administration of the construction fund in many cases, however, has proved to be costly, time consuming and burdensome to the agency and its customers. The amendments to section 1108 contained in section 3(a) provide a simple remedy to the problem by placing all of the bond proceeds in the escrow fund.

Section 3(b) would establish a new section 1109 of the Merchant Marine Act of 1936. MarAd's regulations governing a guarantee transaction under Title XI require that an obligor must establish certain reserve funds and accounts and make deposits therein under certain circumstances. The accounts are opened with a private depository, usually a commercial bank. MarAd is then granted security interests in such accounts as collateral for the guarantees. Financing statements under the Uniform Commercial Code are filed in applicable States or other action is taken in order to perfect

such security interests. A legal opinion with respect to the perfection and first priority of such security interests is a necessary part of the closing documents.

The laws relative to the proper granting and perfection of security interests vary from State to State, and MarAd must rely on the legal opinions of the obligor's local counsel. The amount of time and money spent in negotiating these legal opinions and the associated documentation is disproportionately high and impairs the efficiency of the program.

By giving MarAd the opportunity to hold and invest its cash collateral in the Treasury, section 3(b) will relieve the obligor and the agency from spending the substantial time and money associated with negotiating depository agreements and legal opinions in Title XI transactions.

*Section 4. Amendments to title IX of the Merchant Marine Act of 1936*

Section 4(a) would amend Title IX of the Merchant Marine Act of 1936, as amended, to create a new section 903 eliminating, for one year, the three-year period that bulk or breakbulk vessels (including heavylift vessels) newly registered under the United States-flag must wait, in order to carry government-impelled cargo. This new section would remain in effect for one year from the date of enactment, or until enactment of the Organization for Economic Cooperation and Development (OECD) Agreement on Shipbuilding Subsidies (which would permit new vessels built in OECD countries to immediately carry preference cargoes). Present law requires a vessel that is registered under a foreign flag, or is foreign built or reconstructed in a foreign shipyard to be under United States registry for at least three years before the vessel is able to carry cargo reserved to United States-flag vessels under the Cargo Preference Act of 1954. This requirement does not apply to liner vessels that receive operating payments under the Maritime Security Program. Bulk vessels do not qualify for operating payments under the Maritime Security Program and are subject to the three-year wait period.

It is unlikely that a newly built foreign vessel registered in the United States could support itself in United States foreign commercial trades during the three-year waiting period due to presently low charter rates. Thus, there is a barrier to replacement and modernization of the United States-flag bulk fleet, which is required by statute to transport 75 percent of agricultural products exported under certain food aid programs. The youngest United States-flag self-propelled bulk vessel in foreign trade is 12 years old and shippers of cargo subject to cargo preference sometimes have a difficult time obtaining a United States-flag vessel. This proposed amendment provides a limited opportunity for newly built foreign vessels to transfer to United States registry and to be immediately eligible to carry preference cargoes. In return, the vessels must perform non-emergency shipyard repairs, and other shipyard work necessary to conform the vessel to United States flag standards, in a shipyard of the United States and such vessels shall not be granted preapproval to leave United States registry under section 9(e) of the Shipping Act, 1916, as amended on October 19, 1996. The

amendment makes clear that these vessels shall not be entitled to any of the favorable tax benefits of the Capital Construction Fund under section 607 of the 1936 Act.

It is anticipated that this amendment will improve the vessel profile of the US.-flag dry bulk fleet, add jobs for United States merchant mariners, and increase the percentage of United States foreign commerce carried in United States-flag vessels. These additional modern vessels will increase the competition for carriage of government-impelled cargoes which could result in substantial cost savings to the United States Government.

Section 4(b) would amend section 901(b)(c)(2) of the Merchant Marine Act of 1936, so that the cargo preference year for determining compliance will coincide with the Federal Government Fiscal Year. This would simplify record keeping and management of the program without impact to any involved agencies or shippers.

#### *Section 5. Extension of war risk insurance*

Title XII of the Merchant Marine Act of 1936, authorizes the Secretary of Transportation to provide policies for vessel war risk insurance to vessel operators, without premium, at the request of the Secretary of Defense whenever it appears that such insurance cannot be obtained on reasonable terms and conditions from commercial underwriters. The Department of Defense must be able to provide policies immediately during a national emergency. During Operation DESERT SHIELD/DESERT STORM, MarAd issued war risk insurance policies covering war risk hull, war risk protection and indemnity, and second seamen's (life insurance) under section 1205 on a total of 388 vessels. Title XII war risk authority was also utilized during Operation RESTORE HOPE in Somalia and Operation RESTORE DEMOCRACY in Haiti, and in February of 1998 during the Iraq confrontation. Section 5 would extend the Secretary's current authority to provide vessel war risk insurance through June 30, 2005.

#### *Section 6. Transportation report on maritime activities*

Section 6 would change the requirement for an annual report to Congress by MarAd detailing its activities to a biennial report. This change would enable MarAd to provide a more comprehensive report on its ongoing maritime activities, as well as result in savings to the government with regard to publication and production costs.

#### *Section 7. Ownership of the JEREMIAH O'BRIEN*

Section 303 of P.L. 101-595, the Federal Maritime Commission Authorization Act of 1990, codified at 46 U.S.C. 3302(1), exempted three vessels from certain inspection requirements under Chapter 33 of Title 46, United States Code. The ships, *John W. Brown*, *Lane Victory* and *Jeremiah O'Brien*, serve as merchant marine memorials. At the time the exemption was enacted, the first two ships were owned by private nonprofit corporations named in the law. The third ship was owned by the United States Government acting through MarAd. Section 1013 of P.L. 104-324, the Coast Guard Authorization Act of 1996, authorized conveyance of title to the *Jeremiah O'Brien* to a nonprofit corporation for use as a merchant marine memorial. Under this authority, the National Liberty Ship Me-

morial, Inc. received title to the ship on October 10, 1998. Section 7 would make clear the ownership status of that vessel.

*Section 8. Maritime research and technology development*

Section 8 authorizes \$100,000 for MarAd to prepare a report to Congress on the status of research and technology development in the different transportation modes. MarAd will be required to report on Federal funds spent on research for each mode of transportation and provide a description of current and future research proposals for our nation's maritime transportation system.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

## **TITLE 46. SHIPPING**

### **Subtitle II. Vessels and Seamen**

#### **PART B. INSPECTION AND REGULATION OF VESSELS**

##### **CHAPTER 33. INSPECTION GENERALLY**

###### **§ 3302. Exemptions**

(a) A vessel is not excluded from one category only because the vessel is—

(1) included in another category of section 3301 of this title;

or

(2) excluded by this section from another category of section 3301 of this title.

(b) Except as provided in subsection (c)(3) of this section, a fishing vessel, including a vessel chartered part-time as a fish tender vessel, is exempt from section 3301 (1), (7), (11), and (12) of this title.

(c)(1) Except as provided in paragraph (3) of this subsection, a fish processing vessel of not more than 5,000 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title is exempt from section 3301 (1), (6), (7), (11), and (12) of this title.

(2) Except as provided in paragraphs (3) and (4) of this subsection, a fish tender vessel of not more than 500 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title is exempt from section 3301 (1), (6), (7), (11), and (12) of this title.

(3)(A) A fishing vessel or fish processing vessel is exempt from section 3301 (1), (6), and (7) of this title when transporting cargo (including fisheries-related cargo) to or from a place in Alaska if—

- (i) that place does not receive weekly common carrier service by water from a place in the United States;
- (ii) that place receives such common carrier service and the cargo is of a type not accepted by that common carrier service; or
- (iii) the cargo is proprietary cargo owned by the owner of the vessel or any affiliated entity or subsidiary.

(B) A fish tender vessel of not more than 500 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title, which is qualified to engage in the Aleutian trade is exempt from section 3301 (1), (6), and (7) of this title when transporting cargo (including fisheries-related cargo) to or from a place in Alaska outside the Aleutian trade geographic area if—

- (i) that place does not receive weekly common carrier service by water from a place in the United States;
- (ii) that place receives such common carrier service and the cargo is of a type not accepted by that common carrier service; or
- (iii) the cargo is proprietary cargo owned by the owner of the vessel or any affiliated entity or subsidiary.

(C) In this paragraph, the term “proprietary cargo” means cargo that—

- (i) is used by the owner of the vessel or any affiliated entity or subsidiary in activities directly related to fishing or the processing of fish;
- (ii) is consumed by employees of the owner of the vessel or any affiliated entity or subsidiary who are engaged in fishing or in the processing of fish; or
- (iii) consists of fish or fish products harvested or processed by the owner of the vessel or any affiliated entity or subsidiary.

(D) Notwithstanding the restrictions in subparagraph (B) of this paragraph, vessels qualifying under subparagraph (B) may transport cargo (including fishery-related products) from a place in Alaska receiving weekly common carrier service by water to a final destination in Alaska not receiving weekly service by water from common carriers.

(4) A fish tender vessel is exempt from section 3301 (1), (6), and (7) of this title when engaged in the Aleutian trade if the vessel—

- (A) is not more than 500 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title;
- (B) has an incline test performed by a marine surveyor; and
- (C) has written stability instructions posted on board the vessel.

(d)(1) A motor vessel of less than 150 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title, constructed before August 23,

1958, is not subject to inspection under section 3301(1) of this title if the vessel is owned or demise chartered to a cooperative or association that only transports cargo owned by at least one of its members on a nonprofit basis between places within the waters of—

- (A) southeastern Alaska shoreward of the Boundary Line; or
- (B) southeastern Alaska shoreward of the Boundary Line

and—

- (i) Prince Rupert, British Columbia; or
- (ii) waters of Washington shoreward of the Boundary Line, via sheltered waters, as defined in article I of the treaty dated December 9, 1933, between the United States and Canada defining certain waters as sheltered waters.

(2) The transportation authorized under this subsection is limited to and from places not receiving annual weekly transportation service from any part of the United States by an established water common carrier. However, the limitation does not apply to transporting cargo of a character not accepted for transportation by that carrier.

(e) A vessel laid up, dismantled, or out of commission is exempt from inspection.

(f) Section 3301 (4) and (8) of this title does not apply to an oceanographic research vessel because it is carrying scientific personnel.

(g)(1) Except when compliance with major structural or major equipment requirements is necessary to remove an especially hazardous condition, an offshore supply vessel is not subject to regulations or standards for those requirements if the vessel—

(A) was operating as an offshore supply vessel before January 2, 1979; or

(B) was contracted for before January 2, 1979, and entered into service as an offshore supply vessel before October 6, 1980.

(2) After December 31, 1988, this subsection does not apply to an offshore supply vessel that is at least 20 years of age.

(h) An offshore supply vessel operating on January 1, 1979, under a certificate of inspection issued by the Secretary, is subject to an inspection standard or requirement only if the standard or requirement could have been prescribed for the vessel under authority existing under law on October 5, 1980.

(i)(1) The Secretary may issue a permit exempting a vessel from any part of the requirements of this part for vessels transporting cargo, including bulk fuel, from one place in Alaska to another place in Alaska only if the vessel—

(A) is not more than 300 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title;

(B) is in a condition that does not present an immediate threat to the safety of life or the environment; and

(C) was operating in the waters off Alaska as of June 1, 1976, or the vessel is a replacement for a vessel that was operating in the waters off Alaska as of June 1, 1976, if the vessel being replaced is no longer in service.



(2) Except in a situation declared to be an emergency by the Secretary, a vessel operating under a permit may not transport cargo to or from a place if the cargo could be transported by another commercial vessel that is reasonably available and that does not require exemptions to operate legally or if the cargo could be readily transported by overland routes.

(3) A permit may be issued for a specific voyage or for not more than one year. The permit may impose specific requirements about the amount or type of cargo to be carried, manning, the areas or specific routes over which the vessel may operate, or other similar matters. The duration of the permit and restrictions contained in the permit shall be at the sole discretion of the Secretary.

(4) A designated Coast Guard official who has reason to believe that a vessel issued a permit is in a condition or is operated in a manner that creates an immediate threat to the safety of life or the environment or is operated in a manner that is inconsistent with the terms of the permit, may direct the master or individual in charge to take immediate and reasonable steps to safeguard life and the environment, including directing the vessel to a port or other refuge.

(5) If a vessel issued a permit creates an immediate threat to the safety of life or the environment, or is operated in a manner inconsistent with the terms of the permit or the requirements of paragraph (2) of this subsection, the permit may be revoked. The owner, charterer, managing operator, agent, master, or individual in charge of a vessel issued a permit, that willfully permits the vessel to be operated, or operates, the vessel in a manner inconsistent with the terms of the permit, is liable to the United States Government for a civil penalty of not more than \$1,000.

(j) Notwithstanding another provision of this chapter, the Secretary is not required to inspect or prescribe regulations for a nautical school vessel of not more than 15 gross tons as measured under section 14502 of this title, or an alternate tonnage measured under section 14302 of this title as prescribed by the Secretary under section 14104 of this title—

(1) when used in connection with a course of instruction dealing with any aspect of maritime education or study; and

(2) operated by—

(A) the United States Merchant Marine Academy; or

(B) a State maritime academy assisted under section 1304 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1295c).

(k) Only the boiler, engine, and other operating machinery of a steam vessel that is a recreational vessel of not more than 65 feet overall in length are subject to inspection under section 3301(9) of this title.

(l)(1) The Secretary may issue a permit exempting the following vessels from the requirements of this part for passenger vessels so long as the vessels are owned by nonprofit organizations and operated as nonprofit memorials to merchant mariners:

(A) The steamship John W. Brown (United States official number 242209), owned by Project Liberty Ship Baltimore, Incorporated, located in Baltimore, Maryland.

(B) The steamship Lane Victory (United States official number 248094), owned by the United States Merchant Marine Veterans of World War II, located in San Pedro, California.

(C) The steamship Jeremiah O'Brien (United States official number 243622), owned by the [United States Maritime Administration.] *National Liberty Ship Memorial, Inc.*

(2) The Secretary may issue a permit for a specific voyage or for not more than one year. The Secretary may impose specific requirements about the number of passengers to be carried, manning, the areas or specific routes over which the vessel may operate, or other similar matters.

(3) A designated Coast Guard official who has reason to believe that a vessel operating under this subsection is in a condition or is operated in a manner that creates an immediate threat to life or the environment or is operated in a manner that is inconsistent with this section, may direct the master or individual in charge to take immediate and reasonable steps to safeguard life and the environment, including directing the vessel to a port or other refuge.

(m) A seagoing barge is not subject to inspection under section 3301(6) of this title if the vessel is unmanned and does not carry—

- (1) a hazardous material as cargo; or
- (2) a flammable or combustible liquid, including oil, in bulk.

\* \* \* \* \*

#### MERCHANT MARINE ACT, 1936

#### SEC. 208. REPORTS TO CONGRESS [46 U.S.C. App. 1118]

The Federal Maritime Commission and the Secretary of Transportation shall, by April [1 each] *1st of each odd-numbered* year, make a report to Congress, which shall include the results of its or his investigations, a summary of its or his transactions, its or his recommendations for legislation, a statement of all receipts under this Act, and the purposes for which all expenditures were made.

\* \* \* \* \*

#### SEC. 901. SHIPMENT REQUIREMENTS FOR CERTAIN EXPORTS SPONSORED BY DEPARTMENT OF AGRICULTURE. [46 U.S.C. App 1241f]

(a) MINIMUM REQUIREMENT RESPECTING GROSS TONNAGE TRANSPORTED IN UNITED STATES-FLAG COMMERCIAL VESSELS; IMPLEMENTATION.—

(1) In addition to the requirement for United States-flag carriage of a percentage of gross tonnage imposed by section 901(b)(1) of this Act, 25 percent of the gross tonnage of agricultural commodities or the products thereof specified in subsection (b) shall be transported on United States-flag commercial vessels.

(2) In order to achieve an orderly and efficient implementation of the requirement of paragraph (1)—

(A) an additional quantity equal to 10 percent of the gross tonnage referred to in paragraph (1) shall be transported in United States-flag vessels in calendar year 1986;

(B) an additional quantity equal to 20 percent of the gross tonnage shall be transported in such vessels in calendar year 1987; and

(C) an additional quantity equal to 25 percent of the gross tonnage shall be transported in such vessels in calendar year 1988 and in each calendar year thereafter.

(b) COVERED EXPORT ACTIVITY.—This section shall apply to any export activity of the Commodity Credit Corporation or the Secretary of Agriculture—

(1) carried out under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.);

(2) carried out under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(3) carried out under the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1 et seq.);

(4) under which agricultural commodities or the products thereof are—

(A) donated through foreign governments or agencies, private or public, including intergovernmental organizations; or

(B) sold for foreign currencies or for dollars on credit terms of more than ten years;

(5) under which agricultural commodities or the products thereof are made available for emergency food relief at less than prevailing world market prices;

(6) under which a cash grant is made directly or through an intermediary to a foreign purchaser for the purpose of enabling the purchaser to obtain United States agricultural commodities or the products thereof in an amount greater than the difference between the prevailing world market price and the United States market price, free along side vessel at United States port; or

(7) under which agricultural commodities owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services produced in foreign countries, other than export activities described in section 901a(5).

(c) TERMS AND CONDITIONS.—

(1) The requirement for United States-flag transportation imposed by subsection (a) shall be subject to the same terms and conditions as provided in section 901(b) of this Act.

(2) In order to provide for effective and equitable administration of the cargo preference laws the calendar year for the purpose of compliance with minimum percentage requirements shall be for 12 month periods commencing April 1, [1986.] *1986, the 18-month period commencing April 1, 1999, and the 12-month period beginning on the first day of October in the year 2000 and each year thereafter.*

(3)(A) Subject to subparagraph (B), in administering sections 901(b) and 901b (46 U.S.C. App. 1241(b) and 1241f), and, subject to subparagraph (B) of this paragraph, consistent with those sections, the Commodity Credit Corporation shall take such steps as may be necessary and practicable without detriment to any port range to allocate, on the principle of lowest

landed cost without regard to the country of documentation of the vessel, 25 percent of the bagged, processed, or fortified commodities furnished pursuant to title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1751 et seq.).

(B) In carrying out this paragraph, there shall first be calculated the allocation of 100 percent of the quantity to be procured on an overall lowest landed cost basis without regard to the country of documentation of the vessel and there shall be allocated to the Great Lakes port range any cargoes for which it has the lowest landed cost under that calculation. The requirements for United States-flag transportation under section 901(b) and this section shall not apply to commodities allocated under subparagraph (A) to the Great Lakes port range, and commodities allocated under subparagraph (A) to that port range may not be reallocated or diverted to another port range to meet those requirements to the extent that the total tonnage of commodities to which subparagraph (A) applies that is furnished and transported from the Great Lakes port range is less than 25 percent of the total annual tonnage of such commodities furnished.

(C) In awarding any contract for the transportation by vessel of commodities from the Great Lakes port range pursuant to an export activity referred to in subsection (b), each agency or instrumentality—

(i) shall consider expressions of freight interest for any vessel from a vessel operator who meets reasonable requirements for financial and operational integrity; and

(ii) may not deny award of the contract to a person based on the type of vessel on which the transportation would be provided (including on the basis that the transportation would not be provided on a liner vessel (as that term is used in the Shipping Act of 1984, as in effect on November 14, 1995)), if the person otherwise satisfies reasonable requirements for financial and operational integrity.

(4) Any determination of nonavailability of United States-flag vessels resulting from the application of this subsection shall not reduce the gross tonnage of commodities required by sections 901(b) and 901b to be transported on United States-flag vessels.

(d) “EXPORT ACTIVITY” DEFINED.—As used in subsection (b), the term “export activity” does not include inspection or weighing activities, other activities carried out for health or safety purposes, or technical assistance provided in the handling of commercial transactions.

(e) PREVAILING WORLD MARKET PRICE.—

(1) The prevailing world market price as to agricultural commodities or the products thereof shall be determined under sections 901a through 901d in accordance with procedures established by the Secretary of Agriculture. The Secretary shall prescribe such procedures by regulation, with notice and opportunity for public comment, pursuant to section 553 of title 5, United States Code.

(2) In the event that a determination of the prevailing world market price of any other type of materials, goods, equipment, or service is required in order to determine whether a barter or exchange transaction is subject to subsection (b)(6) or (b)(7), such determination shall be made by the Secretary of Agriculture in consultation with the heads of other appropriate Federal agencies.

\* \* \* \* \*

**SEC. 903. DOCUMENTATION OF CERTAIN DRY CARGO VESSELS.**

(a) *IN GENERAL.*—The restrictions of section 901(b)(1) of this Act concerning the building, rebuilding, or documentation of a vessel in a foreign country shall not apply to dry bulk vessels and breakbulk vessels over 5,000 deadweight tons constructed, reconstructed, or acquired in a foreign shipyard within 1 year after the date of enactment of the Maritime Administration Authorization Act for Fiscal Year 2000 and before the date on which the OECD Shipbuilding Trade Agreement enters into force, and transferred to United States-flag registry under section 12105 of title 46, United States Code, if—

(1) the vessels have non-emergency shipyard repairs, and other shipyard work necessary to conform the vessel to United States-flag standards, performed in a shipyard of the United States;

(2) the vessels comply with the standards set forth in section 1137 of the Coast Guard Authorization Act of 1996 (46 U.S.C. App. 1187 note); and

(3) the vessels have not been granted approval under section 9(e) of the Shipping Act, 1916 (as amended by section 1136(b) of the Coast Guard Authorization Act of 1996).

(b) *APPLICATION OF SECTION 607.*—Section 607 of this Act does not apply to vessels the construction, reconstruction, modification, or acquisition of which is described in subsection (a).

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**SEC. 1108. ESCROW FUND [46 U.S.C. App. 1279a]**

[(a) *CREATION.*—If the proceeds of an obligation guaranteed under this title are to be used to finance the construction, reconstruction, or reconditioning of a vessel or vessels which will serve as security for the guarantee of the Secretary, the Secretary is authorized to accept and hold, in escrow under an escrow agreement with the obligor, a portion of the proceeds of all obligations guaranteed under this title whose proceeds are to be so used which is equal to: (i) the excess of the principal amount of all obligations whose proceeds are to be so used over 75 per centum, or 87½ per centum, whichever is applicable under section 1104 of this title, paid by or for the account of the obligor for the construction, reconstruction, or reconditioning of the vessel or vessels; (ii) with such interest thereon, if any, as the Secretary may require: Provided, That in the event the security for the]

(a) *AUTHORITY TO HOLD OBLIGATION PROCEEDS IN ESCROW.*—(1) *If the proceeds of an obligation guaranteed under this title are to be used to finance the construction, reconstruction, or reconditioning of a vessel that will serve as security for the guarantee, the Sec-*

*retary may accept and hold, in escrow under an escrow agreement with the obligor—*

*(A) the proceeds of that obligation, including such interest as may be earned thereon; and*

*(B) if required by the Secretary, an amount equal to 6 month's interest on the obligation.*

*(2) The Secretary may release funds held in escrow under paragraph (1) only if the Secretary determines that the funds released are needed—*

*(A) to pay, or make reimbursements in connection with payments previously made for work performed in that construction, reconstruction, or reconditioning; or*

*(B) to pay for other costs approved by the Secretary, with respect to the vessel or vessels.*

*(3) If the security for the guarantee of an obligation by the Secretary relates both to a vessel or vessels to be constructed, reconstructed or reconditioned and to a delivered vessel or vessels, the principal amount of such obligation shall be prorated for purposes of this subsection (a) under regulations prescribed by the Secretary.*

**(b) DISBURSEMENT PRIOR TO TERMINATION OF ESCROW AGREEMENT.**—The Secretary shall, as specified in the escrow agreement, disburse the escrow fund to pay amounts the obligor is obligated to pay as interest on such obligations or for the construction, reconstruction, or reconditioning of the vessel or vessels used as security for the guarantee of the Secretary under this title, to redeem such obligations in connection with a refinancing under paragraph (4) of subsection (a) of section 1104 or to pay to the obligor at such times as may be provided for in the escrow agreement any excess interest deposits, except that if payments become due under the guarantee prior to the termination of the escrow agreement, all amounts in the escrow fund at the time such payments become due (including realized income which has not yet been paid to the obligor) shall be paid into the Fund and (i) be credited against any amounts due or to become due to the Secretary from the obligor with respect to the guaranteed obligations and (ii) to the extent not so required, be paid to the obligor.

**(c) DISBURSEMENT UPON TERMINATION OF ESCROW AGREEMENT.**—If payments under the guarantee have not become due prior to the termination of the escrow agreement, any balance of the escrow fund at the time of such termination shall be disbursed to prepay the excess of the principal of all obligations whose proceeds are to be used to finance the construction, reconstruction, or reconditioning of the vessel or vessels which serve or will serve as security for such guarantee over 75 per centum or 87½ per centum, whichever is applicable under section 1104 of this title, of the actual cost of such vessel or vessels to the extent paid, and to pay interest on such prepaid amount of principal, and the remainder of such balance of the escrow fund shall be paid to the obligor.

**(d) INVESTMENT OF FUND.**—The Secretary may invest and reinvest all or any part of the escrow fund in obligations of the United States with such maturities that the escrow fund will be available as required for purposes of the escrow agreement.

**(e) PAYMENT OF INCOME.**—Any income realized on the escrow fund shall, upon receipt, be paid to the obligor.

(f) **TERMS OF ESCROW AGREEMENT.**—The escrow agreement shall contain such other terms as the Secretary may consider necessary to protect fully the interests of the United States.

**SEC. 1109. DEPOSIT FUND.**

(a) **ESTABLISHMENT OF DEPOSIT FUND.**—*There is established in the Treasury a deposit fund for purposes of this section. The Secretary may, in accordance with an agreement under subsection (b), deposit into and hold in the deposit fund cash belonging to an obligor to serve as collateral for a guarantee under this title made with respect to the obligor.*

(b) **AGREEMENT.**—

(1) **IN GENERAL.**—*The Secretary and an obligor shall enter into a reserve fund or other collateral account agreement to govern the deposit, withdrawal, retention, use, and reinvestment of cash of the obligor held in the deposit fund established by subsection (a).*

(2) **TERMS.**—*The agreement shall contain such terms and conditions as are required under this section and such additional terms as are considered by the Secretary to be necessary to protect fully the interests of the United States.*

(3) **SECURITY INTEREST OF UNITED STATES.**—*The agreement shall include terms that grant to the United States a security interest in all amounts deposited into the deposit fund.*

(c) **INVESTMENT.**—*The Secretary may invest and reinvest any part of the amounts in the deposit fund established by subsection (a) in obligations of the United States with such maturities as ensure that amounts in the deposit fund will be available as required for purposes of agreements under subsection (b). Cash balances of the deposit fund in excess of current requirements shall be maintained in a form of uninvested funds and the Secretary of the Treasury shall pay interest on these funds.*

(d) **WITHDRAWALS.**—

(1) **IN GENERAL.**—*The cash deposited into the deposit fund established by subsection (a) may not be withdrawn without the consent of the Secretary.*

(2) **USE OF INCOME.**—*Subject to paragraph (3), the Secretary may pay any income earned on cash of an obligor deposited into the deposit fund in accordance with the terms of the agreement with the obligor under subsection (b).*

(3) **RETENTION AGAINST DEFAULT.**—*The Secretary may retain and offset any or all of the cash of an obligor in the deposit fund, and any income realized thereon, as part of the Secretary's recovery against the obligor in case of a default by the obligor on an obligation.*

\* \* \* \* \*

**SEC. 1214. EXPIRATION OF AUTHORITY TO PROVIDE INSURANCE [46 U.S.C. App. 1294]**

The authority of the Secretary to provide insurance and reinsurance under this title shall expire **[June 30, 2000.] June 30, 2005.**